

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NSAE-00 TRSE-00 ERDA-05

CIAE-00 COME-00 SP-02 PRS-01 (ISO) W

----- 040622

P R 081155Z APR 75

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC PRIORITY 2473

INFO AMCONSUL ZAGREB

C O N F I D E N T I A L SECTION 1 OF 2 BELGRADE 1692

E.O. 11652: GDS

TAGS: ESTC, YO

SUBJ: DELAYS IN ISSUANCE OF U.S. EXPORT LICENSES

1. SUMMARY: LEADING YUGOSLAV ENTERPRISES ENERGOPROJEKT AND UNIS, AND NATIONAL CASH REGISTER, HAVE URGENTLY REQUESTED EMBASSY ASSISTANCE IN CONNECTION WITH DELAYS ON TWO SEPARATE EXPORT LICENSE APPLICATIONS. IN EACH CASE, ENTERPRISES WERE REPORTEDLY TOLD BY DEPT OF COMMERCE PERSONNEL THAT DELAY DUE TO BASIC POLICY REASSESSMENT ON LICENSES FOR YUGOSLAVIA. WE ARE PUZZLED BY REFERENCE TO POLICY REASSESSMENT, AND DISMAYED BY TRANSMITTAL OF SUCH INFO IN FULL DETAIL TO AMERICAN FIRMS AND THEN ON TO YUGOSLAVS. WE RECOMMEND ACTION SOONEST ON THESE TWO LICENSES AS WELL AS ON OTHERS NOW BEING HELD UP. END SUMMARY

2. IN PAST TWO DAYS EMBASSY'S ASSISTANCE HAS BEEN URGENTLY REQUESTED IN CONNECTION WITH TWO SEPARATE SUBSTANTIAL ORDERS FOR US EQUIPMENT HELD UP DUE TO DELAYS IN ISSUANCE OF EXPORT LICENSES.

3. REQUEST OF ENERGOPROJEKT -- ONE OF YUGOSLAVIA'S LEADING ENTERPRISES IN FIELDS OF ELECTRIC POWER, ELECTRONICS AND CONSTRUCTION -- PERTAINS TO DECEMBER 1974 ORDER FOR 12 INTELLIGENT KEY ENTRY SYSTEMS FOR COMPUTER DATA PREPARATION, FROM U.S. FIRM INFOREX
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(BY WAY OF ITS DISTRIBUTOR SOMICO, LUXEMBOURG), END

USE CERTIFICATE U-2092 SV (DECEMBER 17, 1974), VALUE:
650,000 DOLS, CASE NO. 14538 DATED JAN 6, 1975.

4. IN RESPONSE TO ENERGOPROJEKTS INQUIRIES ABOUT STATUS OF SHIPMENTS, INFOREX REPORTED BY TELEX AND LETTER OF MAR 26 THAT DEPT OF COMMERCE HAS NOT APPROVED LICENSE. "COMPANIES IN THE UNITED STATES ARE PRESENTLY BEING RESTRICTED FROM TRANSACTING BUSINESS WITH COMPANIES IN YUGOSLAVIA," LETTER STATED, AND WENT ON TO EXPLAIN THAT "THIS RESTRICTION IS VERY RECENT, AND COMES AS A RESULT OF A DISCOVERY THAT CERTAIN GOODS FORWARDED TO YUGOSLAVIA HAVE BEEN DIVERTED ILLEGALLY TO OTHER (SIC*) COUNTRIES WITHIN THE SOVIET BLOC. THE U.S. DEPARTMENT OF COMMERCE IS THEREFORE REASSESSING ITS POSITION RELATIVE TO TRANSACTIONS BETWEEN AMERICAN COMPANIES AND THOSE RESIDENT WITHIN YUGOSLAVIA. CONSEQUENTLY, ALL PENDING REQUESTS FOR EXPORT AUTHORIZATION TO YUGOSLAVIA ARE BEING HELD IN ABEYANCE UNTIL THE U.S. DEPARTMENT OF COMMERCE, THE STATE DEPARTMENT AND THE DEPARTMENT OF DEFENSE HAVE REACHED AN AGREEMENT AS TO WHAT COURSE OF ACTION WILL BE TAKEN OVER THE NEXT SEVERAL MONTHS."

5. TELEX STATED THAT "APPLICATION IS DELAYED DUE TO A CHANGE IN POLICY AT THE HIGHEST LEVELS OF THE U.S. GOVERNMENT RELATIVE TO SHIPMENTS TO YUGOSLAVIA.....THE DEPARTMENT OF COMMERCE IS CONSIDERING REVISION OF ITS PREVIOUS POLICIES RELATIVE TO YUGOSLAVIA, MAKING IT MUCH MORE DIFFICULT FOR U.S. MANUFACTURERS TO MAKE FORWARDINGS TO THIS AREA."

6. ENERGOPROJEKT DIRECTOR VOJISLAV KRUNIC EXPRESSED TO US TOTAL BEWILDERMENT ABOUT THESE MESSAGES. HE POINTED OUT THAT U.S. EXPORT LICENSE WAS READILY GRANTED FOR ELEVEN IDENTICAL SYSTEMS IN 1973-74, AND THAT THIS RESULTED IN OPENING OF NEW MARKET FOR AMERICAN PRODUCTS IN YUGOSLAVIA. TWELVE SYSTEMS NOW ON ORDER WERE TO GO TO PTT IN BELGRADE, NOVI SAD AND LJUBLJANA (FOUR SYSTEMS), GOVERNMENT SOCIAL ACCOUNTING SERVICE (TWO SYSTEMS), ENTERPRISES INDUSTRIJA PRECISNA MECHANIKA, BELGRADE
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(THREE SYSTEMS), HIP PANCEVO (ONE SYSTEM), ELEKTRONSKA INDUSTRIJA NIS FOR COMPUTER CENTER (ONE SYSTEM) AND CRVENA ZASTAVA AUTOMOBILE PLANT (ONE SYSTEM). ENERGO-PROJEKT HAD FIRM PROSPECTS FOR SALE OF TWELVE MORE UNITS TO ENERGOINVEST AND OTHER PRINCIPAL YUGOSLAV FIRMS.

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NSAE-00 TRSE-00 ERDA-05

CIAE-00 COME-00 PRS-01 SP-02 (ISO) W

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P R 081155Z APR 75

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC PRIORITY 2474

INFO AMCONSUL ZAGREB

C O N F I D E N T I A L SECTION 2 OF 2 BELGRADE 1692

7. IN SEPARATE DEVELOPMENT EMBASSY HAS BEEN CONTACTED BY EXECUTIVES OF SEVENTEENTH RANKING YUGOSLAV ENTERPRISE UNIS AND OF NATIONAL CASH REGISTER OFFICE IN AUGSBURG, GERMANY, CONCERNING DELAY IN ISSUANCE OF EXPORT AUTHORIZATION FOR FOURTEEN NCR SYSTEM 299 SEMI-ELECTRONIC ACCOUNTING MACHINES. END USER OF EQUIPMENT WOULD BE YUGOSLAV AGRICULTURAL KOMBINAT SERVO MIHAJL ZRENJANIN. AUTHORIZATION REQUESTED IN FEBRUARY 1975.

8. WHEN NATIONAL CASH REGISTER, NEW YORK, INQUIRED LAST WEEK ABOUT STATUS OF AUTHORIZATION, COMMERCE OFFICIAL REPORTEDLY TOLD THEM IT WAS BEING HELD UP "FOR POLITICAL REASONS."

9. UNIS AND NATIONAL CASH REGISTER INFORM US THAT COMMERCE READILY OKAYED EXPORT OF MORE THAN FIFTEEN SIMILAR UNITS IN RECENT PAST, AND THAT EXPORT MERELY REQUIRED INFORMAL AUTHORIZATION BY LETTER RATHER THAN EXPORT LICENSE. UNIS EMPHASIZES THAT AGRICULTURAL END-USER CONVERTED ALL ITS ACCOUNTING PROCEDURES IN EXPECTATION OF TIMELY DELIVERY OF MACHINES APRIL 1ST, THAT AS RESULT ACCOUNTING NOW IN CHAOTIC STATE, AND KOMBINAT REGISTERING DAILY COMPLAINTS. UNIS EXPRESSED CONCERN THAT DELAYS WOULD SERIOUSLY DAMAGE PROSPECTS FOR FUTURE NCR SALES IN YUGOSLAVIA.

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10. COMMENT: EMBASSY IS SERIOUSLY CONCERNED ABOUT CURRENT DELAYS IN PROCESSING OF NUMEROUS LICENSE APPLICATIONS, AS WELL AS ABOUT DETAILED INFORMATION BEING SUPPLIED TO PRIVATE FIRMS ON ALLEGED BASIC RECONSIDERATION OF POLICY TOWARD YUGOSLAVIA, DIVERSIONS OF EQUIPMENT IN PAST, ETC. WE ARE ALSO DISTURBED BY FALSE IDENTIFICATION OF YUGOSLAVIA AS MEMBER OF SOVIET BLOC, IN STATE 070053 (PARA 6) AND IN INFOREX-COMMERCE CONVERSATIONS. UNLESS CURRENT SITUATION CORRECTED, IT IS, IN OUR JUDGMENT, ONLY MATTER OF TIME UNTIL BILATERAL ECONOMIC RELATIONS SUFFER SIGNIFICANT NEGATIVE EFFECTS. THIS WILL INEVITABLY ALSO AFFECT OUR POLITICAL TIES.

11. DEPARTMENT WILL RECALL THAT RESULT OF USG INTER-AGENCY TEAM NEGOTIATIONS HERE IN DECEMBER WAS AGREEMENT TO MAKE FRESH START IN COOPERATION ON EXPORT CONTROL PROCEDURES ON SOUND, CONSTRUCTIVE BASIS. YUGOSLAVS ARE, IN OUR VIEW, FULLY IMPLEMENTING THIS AGREEMENT. IT IS ESSENTIAL THAT USG AGENCIES, IN TURN, RESUME TIMELY PROCESSING OF LICENSE APPLICATIONS, IF WE ARE TO RETAIN COOPERATION OF YUGOSLAV AUTHORITIES AND TO SAFEGUARD OUR MARKETS HERE.

12. ACTION REQUESTED: PLEASE NOTIFY US AS SOON AS POSSIBLE CONCERNING STATUS OF FOLLOWING LICENSE APPLICATIONS ABOUT WHICH WE HAVE RECEIVED INQUIRIES:

- (1) ENERGOPROJEKT ORDER FROM INFOREX, ABOVE.
 - (2) UNIS ORDER FROM NATIONAL CASH REGISTER, ABOVE.
 - (3) LITOSTROJ ORDER FROM HONEYWELL (SEE ZAGREB 0170 AND PREVIOUS).
 - (4) MASINOKOMERC ORDER FROM COLLINS RADIO (SEE BELGRADE 1555).
 - (5) SEVEN STILL OUTSTANDING CASES, LISTED IN BELGRADE 0956.
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